

Message Text

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C O N F I D E N T I A L STATE 050548

LIMDIS

E.O. 11652: GDS

TAGS: BTRA, BEXP, EEWT, ETRD

SUBJECT: PRC TEXTILE DELEGATION AND THE PRESS

1. THE EXPECTED COMPLAINTS FROM US TEXTILE MANUFACTURERS, TRIGGERED BY THE PRESENCE OF THE PRC TEXTILE DELEGATION, ABOUT PRC COTTON TEXTILE IMPORTS SURFACED FEBRUARY 26 IN THE TEXTILE TRADE PAPER DAILY NEWS RECORD (DNR), AND WERE REPEATED THE SAME DAY IN WOMEN'S WEAR DAILY (WWD). SEVERAL MANUFACTURERS WERE QUOTED AS ADVOCATING CONTROLS ON PRC COTTON TEXTILES; ONE, HOWARD RICHMOND, CHAIRMAN OF THE FOREIGN TRADE COMMITTEE OF THE AMERICAN TEXTILE MANUFACTURERS INSTITUTE (ATMI), WAS QUOTED AS SAYING "THE PRC REPRESENTS A NEAR-TERM THREAT BECAUSE OF ITS PAST PRACTICES OF POLITICAL PRICING. THEREFORE WE HAVE URGED THE USG TO CONSIDER NEGOTIATIONS WITH CHINA REGARDING A BILATERAL AGREEMENT..."

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2. ON THE OTHER HAND, A SPOKESMAN FOR ATMI WAS QUOTED AS SAYING THE INSTITUTE WOULD HAVE NO COMMENT ON THE MISSION, AND DNR NOTED THAT THOUGH MOST MILL MEN PROFESSED CONCERN OVER CHINESE COMPETITION, EXECUTIVES OF DAN RIVER AND SOME OTHERS SAW NO SHORT-RUN CAUSE FOR ALARM.

3. TRADE PRESS STORIES THEN SPARKED NEW YORK TIMES' INTEREST; THOUGH STORY IS SOMEWHAT TANGLED, WE GATHER THAT NCUSCT'S PUBLIC RELATIONS FIRM IN NEW YORK SOUGHT TO GET DELEGATION TO MEET WITH TIMES REPORTER. THIS CONFLICTED WITH THE DELEGATION'S AVERSION TO PUBLICITY, WHICH ALSO FIGURED IN THE PRESS REPORTS (WWD HEADLINED THE "HUSH-HUSH VISIT"). UPSHOT WAS THAT PRCLO CALLED AMBASSADOR PHILLIPS TO REEMPHASIZE DELEGATION'S REFUSAL TO MEET THE PRESS AND ITS DISPLEASURE WITH PRESS REPORTS; PHILLIPS APPARENTLY SUCCEEDED IN CALMING THE CHINESE DOWN. NCUSCT THEN ISSUED PRESS RELEASE FEBRUARY 28 WHICH WENT TO MAJOR TRADE AND GENERAL PAPERS, SEEKING TO EXPLAIN THE TEXTILE MISSION IN MORE POSITIVE TERMS. RELEASE STRESSED BILATERAL COMMITMENT TO EXPANDED TRADE, IMPORTANCE OF SILK (RATHER THAN COTTON) IN THE DELEGATION'S ACTIVITIES, AND THAT US COTTON SELLERS ARE ALSO MEETING WITH THE DEL. IT QUOTED PHILLIPS POINTING OUT LOW PRC MARKET SHARE, DOWNWARD TREND ON RECENT MONTHS, AND LIMITATION DUE TO LACK OF MFN. WHOLE STRESS WAS ON PUTTING PRC "THREAT" IN PERSPECTIVE. RELEASE CLOSED BY NOTING THAT US TOTAL TEXTILE IMPORTS FROM PRC IN 1974 DID NOT EXCEED \$35 MILLION, WHILE TEXTILE-RELATED EXPORTS TO PRC TOTALLED \$189 MILLION, AND THAT CHINATEX WAS CHANNEL FOR ALL THIS TRADE.

4. COMMENT: THOUGH THE FLURRY WILL NOW HOPEFULLY DIE DOWN, AND THE CHINESE APPEAR TO HAVE BEEN MOLLIFIED, THIS EPISODE HAS OBVIOUSLY REINFORCED THEIR ORIGINAL AVERSION TO CONTACT WITH THE PRESS. WE THINK THAT IT MAY HAVE BEEN CONSTRUCTIVE FOR THE CHINESE TO LEARN FIRST-HAND FROM INDUSTRY LEADERS HOW STRONG THE FEELING FOR IMPORT CONTROLS IS. HOWEVER, THIS EPISODE MAY MAKE IT MORE DIFFICULT TO CONDUCT THE MEETING ON THIS SUBJECT BETWEEN THE DELEGATION AND USG OFFICIALS WHICH HAS BEEN CONFIDENTIAL

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TENTATIVELY SCHEDULED FOR MARCH 21. WE HOPE TO USE THAT OCCASION TO CONVEY IN A LOW-KEY WAY USG POSITION ON IMPOSITION OF TEXTILE IMPORT CONTROLS HOPEFULLY WITHOUT TRIGGERING STRONGLY ADVERSE CHINESE REACTION. INGERSOLL

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